

WIRELESS 2000 PCS

3333 E. Cumberland Gap Pky.
Corbin, Kentucky 40701

Phone (606) 528-3333
Fax (606) 528-9200

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June 20, 1997

William Caton, Secretary
Federal Communications Commission
1919 M Street, N.W. Room 222
Washington, DC 20554

Re: Public Notice – WT Docket 97-82

Dear Sir,

I am writing to provide comments regarding the Public Notice of the Federal Communications Commission dated June 2, 1997 concerning proposals for the restructuring of C- and F- Block license payments. My company was awarded one of the C-Block licenses for BTA 098 and three F- Block licenses for BTA 098, BTA 423 and BTA 295 in Southeastern Kentucky. I qualified as an 'Entrepreneur' and a 'Small Business' and own and operate this company independently with no outside investors. I am writing to support the Position Paper submitted by the National Association of PCS Entrepreneurs ("NAPE") to the FCC.

I fully support competition in the wireless communications industry and plan to offer innovative products and services to consumers in Southeastern Kentucky. The current license payment schedule under the FCC guidelines makes it difficult or impossible for Small Businesses and Entrepreneurs to obtain the necessary funds to develop their systems. We have discovered that capital for a small business in the PCS industry is even more limited than for other types of small businesses.

The enormous costs involved in launching and operating a PCS system along with the delay in receiving the license and the difficulty in obtaining necessary funds has resulted in placing us at a great disadvantage over more established telecommunications companies. They have had the advantage of time and external funding sources. If serious effective action is not taken soon, Small Businesses and Entrepreneurs, such as myself, may never really have the chance to compete in the wireless communications industry.

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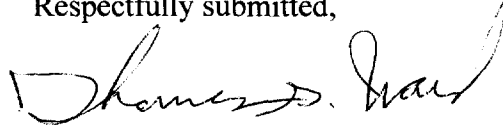
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In March 1997, the FCC suspended payments for an undisclosed amount of time. But due to the absence of a definite suspension time, we have experienced greater difficulty in obtaining the financing needed to launch and operate our PCS markets. This uncertainty has caused even further financing problems and if the restructuring does not occur swiftly it will almost guarantee that we will not be able to succeed against other communications companies who received their licenses more than a year ago.

Therefore, we support the position taken by NAPE, which calls for suspension of all license payments for the first five years of each Entrepreneurs license term. The restructuring of these license payments will enable Small Businesses and Entrepreneurs to comply with existing network build-out requirements and meet their financial obligations to the U.S. government. Increased competition, lower prices and better services to the consumer will result in better economic conditions across America by creating additional jobs.

Attached is a copy of NAPE's position paper. I appreciate your review and consideration concerning this very important issue.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Thomas G. Ward". The signature is fluid and cursive, with a large initial "T" and a long, sweeping underline.

Mr. Thomas G. Ward, President
Third Kentucky Cellular Corp.

Attachment

POSITION PAPER

Financial Restructuring of PCS Entrepreneurs Blocks (C&F) License Payments May, 1997

The National Association of PCS Entrepreneurs [NAPE] proposes that the Federal Communications Commission [FCC] reconsider the current schedule by which licensees for C and F Block Personal Communication Services [PCS] are expected to pay for their PCS licenses. NAPE was formed in May of 1996 for the explicit purpose of representing the common interests of all C&F Block PCS licensees. This position paper represents one of the most common interests currently existing among C&F Block licensees.

Background: The C&F PCS Blocks were set-aside by the FCC for *Entrepreneurs* -- primarily minority and women-owned businesses, small businesses, and rural telephone companies. The purpose of this preference was to ensure opportunity for such businesses to enter the emerging wireless communications market, create new jobs, and foster competition that will benefit of consumers. The annual gross revenue limits used to qualify entrants for the "Entrepreneurs Block" served to preserve the preference for small businesses and also ensured that winning bidders would *not* have substantial amounts of cash readily available to finance the build out and marketing of their new wireless services. Delays in starting the C&F Block Auction allowed the larger service providers (primarily RBOCs and Long Distance Carriers) who had secured PCS licenses in an earlier auction, to gain a competitive edge on the C&F Block licensees. This competitive edge was most clearly demonstrated in the lack of vendor financing available to C&F Block licensees (many vendors had "maxed-out" their financing capabilities with the larger A&B Block carriers who acquired their licenses much earlier) and the lack of interest in C&F Block carriers among the capital markets (they, too, had "maxed-out" their risk taking with the larger carriers). This, coupled with recent increases in interest rates have all but dried up the high yield market for C&F Block licensees. The net result, one year after the C&F Block Auction, is that many licensees must finance their system build out with internal resources. Although the FCC's original commitment to finance C&F Block license payment over the ten year term of the license appeared benevolent and supportive initially, the financial burden posed by the current repayment schedule has become an albatross around the necks of the C&F Blocks. The current schedule for C Block licensees¹ requires interest only payments be submitted quarterly (although payment was suspended until the end of the year) for the first six years of license; interest plus principal payments during years seven through ten. This financial obligation to the agency of license substantially inhibits C&F Block licensees' ability to negotiate competitive vendor financing terms and generate interest among potential investors. They are forced to choose between using scarce capital to

¹ F Block licensees have a different payment schedule ranging from interest only for the first two years after license issue to principal and interest over ten years.

pay down license debt, or aggressively build-out their markets and they can't do both.

Position: In consideration of these circumstances, and to ensure that the FCC and the American public realize the competition envisioned by those who created the entrepreneurs block, NAPE proposes that the FCC restructure the C&F Block financial obligation for license payment by suspending all payments due until the end of the fifth year of license (coupled with strict enforcement of network build out requirements); with the balance of principal and interest paid over the remaining five years of license. Such restructuring would serve the best interests of the government, the C&F Block licensees, and the American consumer.

The FCC would benefit by avoiding the possibility that it would: [a] force defaults by demanding all cash available to C&F Block licensees; [b] be compelled to re-auction defaulted licenses, risking the possibility that final bids in a re-auction would be far, far less than those achieved during the initial C&F Block auctions; [c] be responsible for collapse of the competitive market envisioned when the C&F Blocks were created.

The C&F Block licensees would benefit by: [a] being given the opportunity to concentrate their resources on build out and marketing of their new wireless services; [b] being able to develop a stable cash flow before payments to the FCC become due and payable; [c] having the real opportunity to serve the purpose for which they were created - a competitive market.

The American consumer would benefit by: [a] competitive wireless communication pricing that would evolve as a result of a viable entrepreneurial segment among the carriers; [b] new jobs created by these entrepreneurs whose current staffing (as opposed to the A&B Block licensees) would not be sufficient, thus requiring C&F Block licensees to increase employment; [c] innovations in service that would be spearheaded by entrepreneurs compelled to compete against the large carriers by offering new, or more comprehensive, or more community specific services.

Submitted by:

Michael V. Roberts, Chairman

National Association of PCS Entrepreneurs

1408 No. Kingshighway Suite 300

St. Louis MO 63113

[314] 367-4600